

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C.



REPLY TO
ATTN OF:

OSA-2393-66
#A-144-66

SUBJECT:

REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

TO:

3 June 1966

SUBJECT: Request for Comparative Data
Lockheed Aircraft Corporation
(Lockheed-California Company)
Burbank, California
Contracts SP-1926 and SP-1928

TO : Contracting Officer

REF : 19 May 1966 Request

1. Per request, we have obtained and/or developed as much comparative data as possible without further contracting any contractor personnel.

2. Average unit costs are shown as follows:

Final target costs
Proposed target
costs
Less spares

Average unit cost
(for one of seven
articles)

SP-1926

SP-1928

STATINTL

	<u>SP-1926</u>	<u>SP-1928</u>

3. We believe that unit costs between contracts are not necessarily comparable as identical work was not or will not be performed on all 14 articles. Attached are work statements applicable to both contracts.

4. Also attached is a schedule of subcontractors for SP-1928 including commitments as of 21 December 1965.

5. Manpower charts are not available without contacting contractor personnel.

6. Since the work statements for each contract are different, it is our opinion that historical cost data for SP-1926 cannot be used realistically for comparison with proposed and/or incurred costs to date on SP-1928.

7. We have made a comparison between direct labor costs incurred and proposed as follows:

	<u>SP-1926</u>	<u>SP-1928</u>	STATINTL
Final claim--			
total incurred			
Proposal (exclud-			
ing spares)			
Approximate average			
for one article			

It is noted that the direct labor for SP-1926 includes that applicable to the costs of spares, since costs were commingled with all other direct labor.

8. A comparison between the total of direct labor, overhead, and G & A incurred and proposed is shown below:

	<u>SP-1926</u>	<u>SP-1928</u>	STATINTL
Final claim			
Proposal (exclud-			
ing spares)			
Approximate average			
for one article			

Again, it is noted that the direct labor, overhead, and G & A applicable to spares on SP-1926 are not separately identifiable.

9. It is noted that the differences, shown in paragraphs 7 and 8, between SP-1926 and SP-1928 would be greater if the contractor had used its actual book rates in lieu of lower rates (overhead and G & A) which had been agreed upon for price redetermination purposes in negotiations held prior to submitting their final price redetermination proposal for SP-1926.

10. A comparison between material costs and other direct charges between contracts is shown below. However, again, it is not possible to separately identify the material costs applicable to the spares on SP-1926.

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Final claim
Proposal (exclud-
ing spares)

SP-1926

SP-1928

STATINTL

11. For SP-1928, the contractor proposed an amount of [redacted] for tooling costs applicable to various changes which apparently were not applicable to SP-1926. However, tooling costs incurred on SP-1926 were not segregated and any comparisons cannot readily be made.

12. Your attention is called to a 28 October 1965 TWX in which the contractor stated that approximately [redacted] was incurred applicable to 11 sets of parts before the number of articles was changed to 7. This is again referred to in a 12 November 1965 TWX.

STATINTL

Arthur G. Hanley
ARTHUR G. HANLEY
Auditor General Representative (APL)

Prepared By	Initate Date
Approved By	

Contract No. SP-1976
Work Statement from Definitized Contract

Work Statement from Draft Copy of Contract

Item Ref.	Scope	1 st article # 375	2d thru 7 th articles	1
1.	Install J-75 engines		X	X
2.	Enlarged intake scoops configuration "A" "B"		X	X
3.	Horiz. stab. leading edge camber change		X	X
4.	Elev. trim position indicator		X	X
5.	Extended elevator & tab		X	X
6.	Extendable stall strips		X	X
7.	Fuel dump system		X	X
8.	150° sugar scoop		X	X
9.	Improved EPR system		X	X
10.	Addtl. 750 VA inverter		X	X
11.	Larger Bendix generator		X	X
12.	Relocate 618 T-3 transceiver		X	X
13.	Windshield defroster		X	X
14.	Time code generator (provision for)		X	X
15.	(provision for)		X	X
16.	Relocate ATC		X	X
17.	Install drop tank provisions		X	X
18.	Provisions for:			
	a. Sys. 6 - an Elink system		X	X
	b. Sys. 9C		X	X
	c. Sys. 12B		X	X
	d. Sys. 13A		X	X
	e. Oscar Sierra		X	X
	f. Delta 2 - stereo camera		X	X
	g. Delta 3 -		X	X
	g. [redacted] except		X	X
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STATINTL

Contract No. SP-1926

Work Statement from Difinitized Contract

		Article #349	Article #385	Article #382
	Scope			
1	Install J-75 engines		X	X
2	Install aerial refueling	X		
3	Modify to "G" configuration	X	X	X
4	Install CF Fuel Bump	X	X	X
5	Install cockpit update, canopy ejection system, + autopilot	X	X	X
6	Fabricate + install solar cells	X		
7	Perform complete R&M		X	
8	Install slippers +		X	X
9	Fabricate + install slipper tanks		X	X
10	Install systems 12-B + 9B in lieu of Brand 9A			
11	Repair accident damage			
12	System VI (modified "B" hatch)			
13	Install new composite system			
14	Incorporate outstanding Service Bulletins			
15	Update program (#) configuration		X	X
16	Replace			
17	Install system 12A			
18	Install droppable fuel tanks			
19	provisions			
20	Install extended elevator trailing edge			
21	Install retractable stall stripes			
22				
23				
24				
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	Article #384	Article #372	Article #381	Article #383
1			X	
2		X		
3			X	
4			X	
5		X		
6			X	
7				
8				
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Work Statement from Draft Copy of Contract

Item	Scope	1 st Article # 375	2 nd thru 7 th articles
1.	Install J-75 engines	X	X
2.	Enlarged intake scoops configuration "A" " " "B"	X	X
3.	Horiz. stab. leading edge camber change	X	X
4.	Elev. trim position indicator	X	X
5.	Extended elevator & tail	X	X
6.	Extendable stall stripe	X	X
7.	Fuel dump system	X	X
8.	150° sugar scoop	X	X
9.	Improved EPR system	X	X
10.	Addtl. 750 VA inverter	X	X
11.	Larger Bendix generator	X	X
12.	Relocate 618 T-3 transceiver	X	X
13.	Windshield defroster	X	X
14.	Time code generator (provision for)	X	X
15.	(provisions for)	X	X
16.	Relocate ATC	X	X
17.	Install drop tank provision	X	X
18.	Provisions for:		
19.	a. Sys. 6 - an Elink system	X	X
20.	b. Sys. 9C	X	X
21.	c. Sys. 12B	X	X
22.	d. Sys. 13A	X	X
23.	e. Oscar Sierra	X	X
24.	f. Delta 2 - stereo camera	X	X
25.	g. Delta 3 - " "	X	X
26.	h. []	X	X
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			STATIN

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Contract No. SP-1926
Work Statement from Definitized Contract

Contract No. SP-1928

Work Statement from Draft Copy of Contract

Item	Ref. Scope	1 st Article # 375	1 st	2 ^d thru 7 th articles	11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36
			①	②	
1.	Install J-75 engines		X	X	
2.	Enlarged intake scoops Configuration "A" "B"			X	
3.					
4.	Horiz. stab. leading edge camber change		X	X	
5.					
6.	Elev. trim position indicator		X	X	
7.	Extended elevator + tab		X	X	
8.	Extendable stall stripes		X	X	
9.	Fuel dump system		X	X	
10.	150° sugar scoop		X	X	
11.	Improved EPR system		X	X	
12.	Addtl. 750 VA inverter		X	X	
13.	Larger Bendix generator		X	X	
14.	Relocate 618 T-3 transceivers		X	X	
15.	Windshield defroster		X	X	
16.	Time code generator (provision for)		X	X	
17.	(provision for)		X	X	
18.	Relocate ATC		X	X	
19.	Install drop tank provisions		X	X	
20.	Provisions for:				
21.	a. Sys 6 - an Elint system		X	X	
22.	b. Sys. 9C		X	X	
23.	c. Sys. 12B		X	X	
24.	d. Sys. 13A		X	X	
25.	e. Oscar Sierra		X	X	
26.	f. Delta 2 - stereo carona		X	X	
27.	g. Delta 3 -		X	X	
28.	h. [redacted]	g. right	X	X	

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